

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 2015-00039
AUGUSTA)

ORDER

On August 14, 2015, the Commission entered an Order that, among other things, ordered that a formal hearing in this matter be held on Tuesday, September 8, 2015. On August 28, 2015, the city of Augusta ("Augusta") filed a motion to amend its requested rate increase to include rate case expense ("Motion to Amend"). On September 1, 2015, following the filing of a response to Augusta's Motion to Amend by the Bracken County Water District ("Bracken District"), the Commission entered an Order that granted the Motion to Amend.

In granting the Motion to Amend, we stated:

The Commission further finds that extensive discovery has already been conducted and prepared testimony has been filed in this proceeding concerning Augusta's proposed wholesale rate. The proposed surcharge pertains to the single issue of rate case expense.... To the extent that further proceedings may be needed to determine the reasonableness of Augusta's proposed surcharge to recover rate case expenses, the parties will be provided an opportunity to address that issue at the hearing on September 8, 2015.

On September 8, 2015, the Commission held an evidentiary hearing in this proceeding. Augusta and Bracken District appeared at the hearing. Three witnesses

testified. Doug Padgett, operations manager of the Augusta Water Treatment Plant, and Gretchen Usleaman, city clerk for Augusta, testified for Augusta. Anthony Habermehl, chairman of Bracken District, testified for Bracken District. During the hearing, the Commission allowed examination concerning rate case expense; however, the Commission stated that it was not closing the record on evidence regarding rate case expense.¹

During Doug Padgett's testimony, Bracken District made a motion to strike all references to Augusta's calculation of the wholesale rate because Augusta was not presenting, as one of its witnesses, Donna J. Hendrix, CPA, who conducted the rate calculation on behalf of Augusta.² Bracken District argued that in the absence of Ms. Hendrix, it did not have the ability to cross-examine her or question how the rate calculation was done.³ The Commission overruled Bracken District's motion to strike; however, the Commission stated that Bracken District could revisit the matter after Augusta's second witness.⁴

Following the presentation of all of the witnesses, the Commission heard the parties on the issues concerning Donna Hendrix.⁵ We stated that Bracken District's motion to strike Augusta's testimony concerning the rate calculation was denied.⁶ The Commission stated that it would allow Bracken District an opportunity to conduct

¹ VR Hearing: Sept. 8, 2015: 15:10:45 – 15:11:24.

² VR Hearing: Sept. 8, 2015: 10:24:18 – 10:25:00; and 10:25:23 – 10:26:47.

³ *Id.*

⁴ VR Hearing: Sept. 8, 2015: 10:29:39 – 10:29:46.

⁵ VR Hearing: Sept. 8, 2015: 16:40:50 – 16:42:15.

⁶ VR Hearing: Sept. 8, 2015: 16:43:45 – 16:44:58.

additional discovery concerning Ms. Hendrix and also rate case expenses.⁷ The Commission also determined that it should enter an Order concerning the procedural schedule for the case.

Having carefully considered the record, the Commission finds that:

1. The parties should file their responses to requests for information made during the September 8, 2015 hearing on or before September 18, 2015.

2. Bracken District should be allowed to file additional requests for information from Augusta regarding Donna J. Hendrix, CPA, and her rate calculation, and also be allowed to file additional requests concerning rate case expenses.

3. Bracken District's additional requests for information should be filed on or before September 28, 2015.

4. Augusta should file its responses to Bracken District's additional requests for information on or before October 8, 2015.

5. Any motion for an additional evidentiary hearing should be filed on or before October 19, 2015.

6. The briefs in this case should be filed on or before November 9, 2015.

IT IS THEREFORE ORDERED that:

1. All responses to requests for information made during the September 8, 2015 hearing shall be filed no later than September 18, 2015.

2. Requests for information concerning Donna J. Hendrix, CPA, her rate calculation, and rate case expenses shall be filed no later than September 28, 2015.

⁷ VR Hearing: Sept. 8, 2015: 16:43:00 – 16:44:45.

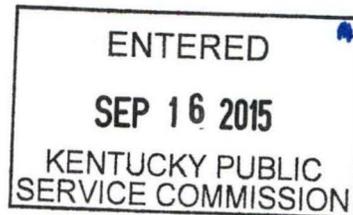
3. Responses to requests for information concerning Donna J. Hendrix, CPA, her rate calculation, and rate case expenses shall be filed no later than October 8, 2015.

4. Any motion for an additional evidentiary hearing shall be filed no later than October 19, 2015.

5. Each party shall file its brief in this matter no later than November 9, 2015.

6. Nothing contained herein shall prevent the Commission for entering further Orders in this matter.

By the Commission



ATTEST:



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